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STRATEGIC OBJECTIVE #12 (SO12)

(Conflict Reduced in Mindanao and Other Areas Vulnerable to Violence)

Mindanao shippers warn of 20% increase in cost with proposed harbor rate hike

DAVAO CITY — The shipping cost for Mindanao will increase by 20% should Manila North Harbor's application for an 18% increase in tariff rates be approved, the Mindanao Federation of Shippers Associations (Minfesa) said.

Minfesa said the new rates would result in a 40% increase in port-related charges for goods from Mindanao shipped to Manila.

Minfesa criticized its non-entry to the bids and awards committee of the Philippine Ports Authority for the identification of cargo handling operators and the “absence of a venue for shippers to monitor and evaluate the performance of cargo handling operators.”

Vic Lagdamen, Minfesa official, said the situation is “business-unusual” as the cost of shipping products from Mindanao to Metro Manila have skyrocketed, com-

pounded with the higher cost of production due to higher fuel prices.

“It's an uphill battle,” Mr. Lagdamen said, “since only the big companies are able to negotiate for discounted shipping costs.”

Last month, shippers held a two-day conference in Zamboanga City to discuss the problems of the industry.

The event was attended by freight forwarders and consolidators, representatives of shipping lines and cargo handling companies, and officials of concerned government institutions.

The participants crafted an action agenda that will help the industry address old issues like high shipping and cargo handling rates, rising fuel costs, inefficient port services, lack of sufficient cargo volumes, and absence of government incentives to encourage in-

creased private sector investments in the industry.

Mindanao shippers have always complained of high shipping cost en route to Manila, sometimes even higher than bringing them to nearby foreign ports.

“While we've been arguing in the Philippines [as to who is at fault], business-oriented producers, consolidators, shippers and transport companies in Singapore, Malaysia and China have been developing strategies to efficiently compete in global markets,” said John Dalton, chief of party of the Growth with Equity in Mindanao, a program funded by the United States Agency for International Development.

“They're winning, we're losing,” Mr. Dalton added, as he challenged the participants to work on objects that are achievable. — Carmelito Q. Francisco

(Source: Business World, 9/2/05, page S1/9)